

# AGENDA

# A G E N D A

## BOARD OF MANUFACTURED HOUSING

### Department of Fire, Building and Life Safety

Date: **Wednesday, October 20, 2010; 1:00 P.M.**  
Department of Fire, Building and Life Safety  
1110 West Washington, **Room 3100B (3<sup>rd</sup> Floor)**  
Phoenix, AZ 85007

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the general public that the members of the Board of Manufactured Housing will hold a regular meeting open to the public at the Board's office, at 1110 West Washington, Room 250, Phoenix, Arizona. The Board, upon a majority vote of a quorum of the members, may, when necessary, hold an Executive Session to obtain legal advice regarding any of the agenda items, pursuant to A.R.S. § 38-431.03(A)(3) and (4). The Board may also hold an Executive Session to review confidential records exempt by law from public inspection, pursuant to A.R.S. § 38-431.03(A)(2).

Those wishing to address the Board need not request permission in advance; however, the Board suggests that no more than three (3) people address the Board during the "Call to the Public" on any one issue. Pursuant to A.R.S. § 38-431.02(H), the Board can only take action on matters listed on the agenda. If appropriate, actions on public comment matters that are not listed on the agenda will be limited to directing staff to study the matter or schedule the matter for further discussion at a later date.

The agenda is subject to change up to 24 hours prior to the meeting. Please call **602-364-1067** or email [Ayde.Marquez@dfbls.az.gov](mailto:Ayde.Marquez@dfbls.az.gov) for any changes. Agenda items are noted by number and letter for convenience and reference. The Board may address the agenda items in any order within the time frame indicated, and may set over matters to a later time when necessary. The Board reserves the right to change the order of items on the agenda, except for matters set for a specific time.

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting MaryAnn Knight at **602-364-1062** or email [Ayde.Marquez@dfbls.az.gov](mailto:Ayde.Marquez@dfbls.az.gov). Requests should be made as early as possible to allow time to arrange the accommodation.

#### **1:00 P.M.**

- I. Call to Order (Chairman)
- II. Roll Call (Secretary)
- III. Approval of Court Reporter Transcript and Abbreviated Minutes of May 12, 2010, meeting.
- IV. Financial Report – review, discussion, and possible action – *Standing Item*
  - a. June 2010 end of fiscal year report, and July/August 2010 reports as presented by the Deputy Director
- V. Update on Legislative Bills presented by Compliance Director
- VI. Fee Structure – review, discussion, and possible action – *Standing Item*
- VII. Recovery Fund – review, discussion, and possible action – *Standing Item*
  - a. Fund balance and pending claims update provided by Compliance Director
  - b. Cash Bond recovery efforts update provided by Compliance Director – *handout at Meeting*
- VIII. Bonding Requirements – review, discussion, and possible action – *Standing Item*
  - a. Update on DFLBS request for exception to Moratorium on rule-making by Deputy Director
  - b. Revised Resolution as presented by the Deputy Director
- IX. Call to the Public

Public Comments (Consideration and discussion of comments and complaints from the public. Those wishing to address the Board need not request permission in advance. Action taken as a result of public comments will be limited to directing staff to study the matter or scheduling the matter for further consideration and decision at a later date.)
- X. Announcements of future meeting dates and other information concerning the Board.
- XI. Adjournment

**MAY 12,  
2010**

**Abbreviated  
Board  
Minutes**



# DRAFT

## ARIZONA BOARD OF MANUFACTURED HOUSING

### ABBREVIATED MINUTES

#### MAY 12, 2010 BOARD MEETING

#### CALL TO ORDER

Chairman Wait called the meeting to order.

#### ROLL CALL

Board Members present: Chairman Ross Wait, Samuel Baird, Paul DeSanctis, Neal Haney, Carlo Leone, Catherine McGilvery, Roger Wendt, and Joseph Stegmayer.

Board Member absent: Robert Gibb.

Public/Industry Members present: Scott Butler, Jim Brown, David Roe Jr., Ken Anderson, and Kara Holt.

#### APPROVAL OF MARCH 17, 2010 BOARD MINUTES

Motion made by Chairman Wait to approve the March 2010 Court Reporter transcript and draft abbreviated minutes. Chairman Wait made correction to the draft abbreviated minutes which stated the motion to approve the September 2009 Board minutes was made by Chairman Wait, but should be corrected to Mr. Wendt.

#### FINANCIAL REPORT

Deputy Director Blake presented financial reports for January, February, and March 2010. Quarterly history of reports was provided to justify sufficient reason to review fee increases for fiscal 2011. Discussion initiated by Chairman Wait concerning the discrepancy between a decreased ratio in manufacturing to revenue, from current year to prior year. Deputy Director Blake established that dynamics in manufactured housing production decreased, while factory-built building production increased, causing revenue reporting discrepancies.

Discussion initiated by Board member Mr. Baird concerning obtaining financial and production reports a few days prior to the meeting. Discussion initiated by Chairman Wait concerning fiscal year expenditures compared to production decrease. Director Palma explained that 61% in labor costs includes the consolidation of functions. He suggested that a percentage of the General Fund goes for a contractual rental

agreement for a Tucson office, no longer open to the public, and paying for shared office space with the Forestry Department. Most expenditures have not decreased due to rental contracts and labor costs associated with performing functions.

**DFBLS Action Item:** Engineering report data will be broken down by manufactured homes and factory-built-buildings for the next meeting.

Department financial reports will be forwarded to Board members in advance of meeting.

### **LEGISLATIVE UPDATE**

Department staff provided legislative update, as follows:

- HB2446 Alarm Businesses and Agents Bill. Passed by the House, opposed by the Senate.
- HB2473 Manufactured Housing Escrow Account Bill. Passed by the House and Senate, but held in Senate Republican Caucus.

### **FEE STRUCTURE**

Deputy Director Blake presented recommendation for a fiscal year 2011 fee schedule. It was reviewed and thoroughly discussed among Board members with input from the Department. Most concerns discussed by Board members pertained to how much to increase fees and which fees should increase. Board members also discussed the fluctuating budget of the Department. Motion made by Mr. Stegmayer to increase fees by 5 percent as presented in the Department's recommendations. Seconded by Mr. Baird and approved by the Board.

### **RECOVERY FUND**

Department staff provided an update on balance, outstanding claims, and revenue sources. DFBLS staff estimated that it may take 17 months to pay off outstanding claims. Approximately \$75,000 is invested in the State Treasury. Divesting monies from the State Treasury into the Recovery Fund would increase the available Recovery Fund balance to approximately \$106,000, affording the Department to pay off outstanding claims. Motion made by Mr. Wendt to divest money from the State Treasury to the Recovery Fund, to pay off outstanding claims. Seconded by Mr. Haney and approved by the Board.

### **BONDING REQUIREMENTS**

Scott Butler presented a resolution to the Board to increase bonding requirements to protect abuse of the Recovery Fund. Board members discussed raising the bond requirement from \$25,000 to \$100,000. Licensees would be allowed to opt to use a third party escrow account and retain a \$25,000 bond. Many dealers may have difficulty



qualifying for a \$100,000 bond. Motion made by Mr. Wendt to adopt the resolution. Seconded by Mr. DeSanctis and approved by the Board. Motion made by Mr. Baird to require brokers to also be bonded. Seconded by Mr. Haney and approved by the Board.

### **CALL TO PUBLIC**

Chairman Wait addressed the Board and thanked the Department and the industry for working on developing a resolution for bonding requirements.

### **NEXT BOARD MEETING DATE**

Wednesday, September 15, 2010

### **ADJOURNMENT**

The meeting was adjourned at 3:36 p.m.

# FINANCIAL REPORTS

**DEPARTMENT OF FIRE, BUILDING, & LIFE SAFETY**  
**MONTHLY SUMMARY REPORT**

| JUNE 2010   |  |  |  |   |                              |                                     |                          |                          |                                |                                 |                               |                |
|---|--|--|--|---|------------------------------|-------------------------------------|--------------------------|--------------------------|--------------------------------|---------------------------------|-------------------------------|----------------|
|   |  | JUNE Reviews Completed                       | YTD  | Prior YTD                                   | Current Total Fees Generated | YTD                                 | Prior YTD                |                          |                                |                                 |                               |                |
| ENG. REPORT - FBB   |  | 44   | 522  | 661   | \$5,070.00                   | \$66,686.00                         | \$110,020.00             |                          |                                |                                 |                               |                |
| ENG. REPORT - MH  |  | 14   | 159  | 166   | \$1,820.00                   | \$20,930.00                         | NA                       |                          |                                |                                 |                               |                |
| PERMIT REPORT:  |  | JUNE Permits Issued                          | YTD  | Prior YTD                                   | Current Total Fees Generated | YTD Fees Generated                  |                          |                          |                                |                                 |                               |                |
| M/H   |  | 75   | 798  | 1166  | \$9,000.00                   | \$95,760.00                         |                          |                          |                                |                                 |                               |                |
| FBB   |  | 18   | 258  | 309   | \$7,081.00                   | \$95,458.00                         |                          |                          |                                |                                 |                               |                |
| INSPECTIONS REPORT:   |  | JUNE Plant Inspections                       | Current Total of Inspections               | Current Total of Violations Sited           | Prior YTD Total Violations   | **Current Total Fees Generated      | YTD Total Fees Generated | Prior YTD Fees Generated | On Site Commercial Inspections | On Site Residential Inspections |                               |                |
| M/H   |  | 14   | 122  | 30  | 463                          | \$7,771.57                          | \$73,231.66              |                          | 12                             | 0                               |                               |                |
| FBB   |  | 3  | 50   | 1   | 45                           | \$167.80                            | \$3,699.82               |                          |                                |                                 |                               |                |
| INSIGNIA REPORT:  |  | JUNE Insignias Issued                        | YTD  | Prior YTD                                   | Current Total Fees Generated | YTD                                 | Prior YTD                |                          |                                |                                 |                               |                |
| M/H   |  | 276  | 2408                                       | 3637  | \$2,760.00                   | \$24,080.00                         | \$36,370.00              |                          |                                |                                 |                               |                |
| FBB   |  | 40   | 338  | 1176  | \$2,000.00                   | \$16,900.00                         | \$58,800.00              |                          |                                |                                 |                               |                |
| LICENSING REPORT:   |  | JUNE New Licenses Issued                     | YTD  |   | Current Total Fees Generated | YTD                                 |                          |                          |                                |                                 |                               |                |
| MANUFACTURERS   |  | 1  | 9  |   | \$840.00                     | \$6,840.00                          |                          |                          |                                |                                 |                               |                |
| DEALERS   |  | 1  | 34   |   | \$840.00                     | \$18,540.00                         |                          |                          |                                |                                 |                               |                |
| SALES PERSONS   |  | 10   | 162  |   | \$2,000.00                   | \$32,400.00                         |                          |                          |                                |                                 |                               |                |
| INSTALLERS  |  | 0  | 6  |   | \$0.00                       | \$3,420.00                          |                          |                          |                                |                                 |                               |                |
| RENEWAL LICENSING REPORT:<br><small>Includes lates renewals</small> |  | JUNE Renewal Licenses Issued                 | YTD  |   | Current Total Fees Generated | YTD                                 |                          |                          |                                |                                 |                               |                |
| MANUFACTURERS   |  | 6  | 55   |   | \$2,835.00                   | \$26,040.00                         |                          |                          |                                |                                 |                               |                |
| DEALERS   |  | 21   | 217  |   | \$6,930.00                   | \$71,970.00                         |                          |                          |                                |                                 |                               |                |
| SALES PERSONS   |  | 50   | 471  |   | \$5,375.00                   | \$51,300.00                         |                          |                          |                                |                                 |                               |                |
| INSTALLERS  |  | 9  | 107  |   | \$2,632.50                   | \$31,395.00                         |                          |                          |                                |                                 |                               |                |
|   |  | OMH APPROVED FEES                            | HUD REVENUE                                | CURRENT REVENUE DEPOSITS                    | YTD REVENUE                  | PRIOR YTD REVENUE                   | CURRENT EXPENDITURES     | YTD                      | PRIOR YTD                      | ESTIMATED ANNUAL REVENUE        | ESTIMATED ANNUAL EXPENDITURES | 95-105% Status |
| EXPENSE & REVENUE REPORT:   |  | \$55,302.87                                  | \$4,616.50                                 | \$59,919.37                                 | \$843,921.63                 | \$1,051,130.00                      | \$12,320.00              | \$360,110.36             | \$355,388.00                   | \$700,959.43                    | \$835,740.18                  | 83.9%          |
| Consumer Recovery Fund  |  | Monthly Deposit<br>\$ 10,740.00              | Monthly Claims Paid<br>\$ 90,601.85        | Monthly Interest Earned<br>\$462.24         | Fund Balance<br>\$ 52,870.93 |                                     |                          |                          |                                |                                 |                               |                |
| Educational Grants  |  | Education Fund Balance Forward from prior FY | 75% of Prior Year's Recovery Fund Interest | Education Fund Balance Available for Grants | Checks Issued for Grants     | Remaining Balance of Education Fund |                          |                          |                                |                                 |                               |                |
| FY 07   |  | NA   | NA   | NA  | NA                           | \$ 2,550.00                         |                          |                          | NA                             |                                 |                               |                |
| FY 08   |  | \$ 2,550.00                                  | \$ 11,759.25                               | \$ 14,309.25                                | \$ 13,000.00                 | \$ 1,309.25                         |                          |                          | \$ 15,679.00                   |                                 |                               |                |
| FY 09   |  | \$ 1,309.25                                  | \$ 11,129.25                               | \$ 12,438.50                                | \$ 5,000.00                  | \$ 7,438.50                         |                          |                          | \$ 14,839.00                   |                                 |                               |                |
| FY 10   |  | \$ 7,438.50                                  | NA   | NA  | NA                           | NA                                  |                          |                          |                                |                                 |                               |                |

\* Prior YTD totals includes both FBB and MH

**JUNE 2010**



## JUNE 2010

| PRODUCTION REPORT:   |                 | Single              | Double                             | Triple | Quad | Five | Inspection Visits | Violations Cited |
|----------------------|-----------------|---------------------|------------------------------------|--------|------|------|-------------------|------------------|
| # of Homes Labeled   |                 | 25                  | 97                                 | 3      | 1    | 0    | 13                | 25               |
| PRODUCTION TREND:    |                 | 2010                | 2009                               | 2008   | 2007 |      |                   |                  |
| March                |                 | 106                 | 119                                | 290    | 389  |      |                   |                  |
| April                |                 | 99                  | 108                                | 321    | 354  |      |                   |                  |
| May                  |                 | 108                 | 116                                | 304    | 400  |      |                   |                  |
| June                 |                 | 126                 | 124                                | 254    | 419  |      |                   |                  |
| July                 |                 |                     | 102                                | 243    | 334  |      |                   |                  |
| August               |                 |                     | 118                                | 275    | 397  |      |                   |                  |
| September            |                 |                     | 135                                | 247    | 308  |      |                   |                  |
| October              |                 |                     | 146                                | 251    | 342  |      |                   |                  |
| November             |                 |                     | 119                                | 184    | 312  |      |                   |                  |
| December             |                 |                     | 100                                | 147    | 241  |      |                   |                  |
| January              |                 | 81                  | 126                                | 286    | 374  |      |                   |                  |
| February             |                 | 87                  | 112                                | 281    | 349  |      |                   |                  |
| AUDITS:              | With Violations | With Out Violations | Unlicensed Activity Investigations |        |      |      |                   |                  |
| Trust Account Audits | 2               | 0                   | 1                                  |        |      |      |                   |                  |
| COMPLAINTS:          | **Current       | YTD                 | Prior                              |        |      |      |                   |                  |
| New Received         | 10              | 124                 | 221                                |        |      |      |                   |                  |
| Closed/Reopened      | 0               | 17                  | 14                                 |        |      |      |                   |                  |
| Closed for the Month | 10              | 160                 | 271                                |        |      |      |                   |                  |

30 open/active complaints

30 open/active complaints



## JULY 2010

JULY 2010



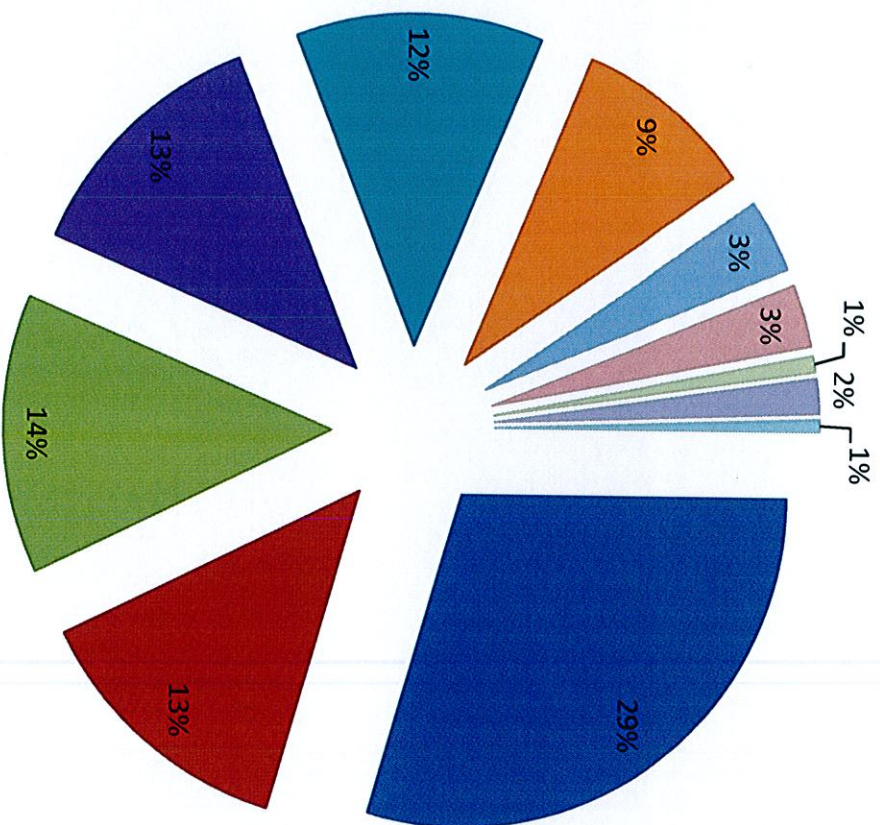
## JULY 2010

| PRODUCTION REPORT:        |                      | Single              | Double                             | Triple | Quad | Five | Inspection Visits | Violations Cited |
|---------------------------|----------------------|---------------------|------------------------------------|--------|------|------|-------------------|------------------|
| # of Homes Labeled        |                      | 34                  | 80                                 | 3      | 0    | 0    | 10                | 14               |
| PRODUCTION TREND:         |                      | 2010                | 2009                               | 2008   | 2007 |      |                   |                  |
| March                     |                      | 106                 | 119                                | 290    | 389  |      |                   |                  |
| April                     |                      | 99                  | 108                                | 321    | 354  |      |                   |                  |
| May                       |                      | 108                 | 116                                | 304    | 400  |      |                   |                  |
| June                      |                      | 126                 | 124                                | 254    | 419  |      |                   |                  |
| July                      |                      | 117                 | 102                                | 243    | 334  |      |                   |                  |
| August                    |                      |                     | 118                                | 275    | 397  |      |                   |                  |
| September                 |                      |                     | 135                                | 247    | 308  |      |                   |                  |
| October                   |                      |                     | 146                                | 251    | 342  |      |                   |                  |
| November                  |                      |                     | 119                                | 184    | 312  |      |                   |                  |
| December                  |                      |                     | 100                                | 147    | 241  |      |                   |                  |
| January                   |                      | 81                  | 126                                | 286    | 374  |      |                   |                  |
| February                  |                      | 87                  | 112                                | 281    | 349  |      |                   |                  |
| AUDITS:                   | With Violations      | With Out Violations | Unlicensed Activity Investigations |        |      |      |                   |                  |
|                           | Trust Account Audits | 3                   | 0                                  | 1      |      |      |                   |                  |
|                           | COMPLAINTS:          | **Current           | YTD                                | Prior  |      |      |                   |                  |
|                           | New Received         | 5                   | 5                                  | 8      |      |      |                   |                  |
| Closed/Reopened           | 0                    | 0                   | 3                                  |        |      |      |                   |                  |
| Closed for the Month      | 4                    | 4                   | 11                                 |        |      |      |                   |                  |
| 31 open/active complaints |                      |                     |                                    |        |      |      |                   |                  |

31 open/active complaints



# JULY 2010 REVENUE BREAKDOWN



Rounded to  
nearest  
whole  
percentage



- RENEWED LICENSES
- FBB PERMITS
- MH PERMITS
- NEW LICENSES
- FBB PLAN REVIEW
- MH INSPECTIONS
- FBB INSIGNIAS
- MH PLAN REVIEW
- MH INSIGNIAS
- HUD PAYMENTS
- FBB INSPECTIONS



## August 2010

| Educational Grants | Prior Year Interest |
|--------------------|---------------------|
| FY 08              | \$ 15,679.00        |
| FY 09              | \$ 14,839.00        |
| FY 10              | TBD                 |



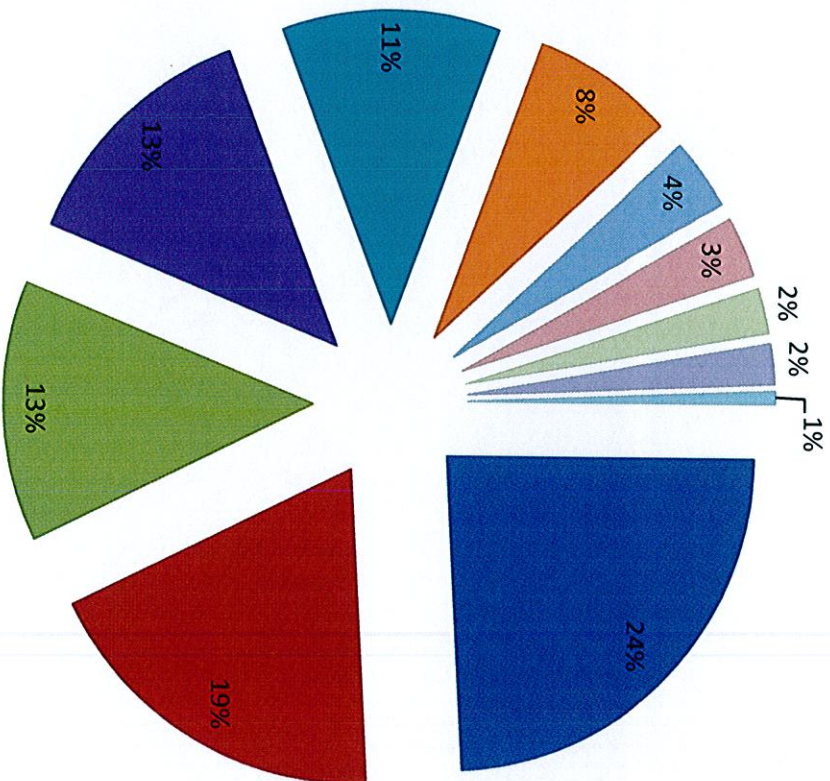
## AUGUST 2010

| PRODUCTION REPORT:   |                 | Single              | Double                             | Triple                    | Quad | Five | Inspection Visits | Violations Cited |
|----------------------|-----------------|---------------------|------------------------------------|---------------------------|------|------|-------------------|------------------|
| # of Homes Labeled   | 31              | 77                  | 0                                  | 0                         | 0    | 0    | 11                | 22               |
| PRODUCTION TREND:    |                 | 2010                | 2009                               | 2008                      | 2007 |      |                   |                  |
| March                | 106             | 119                 | 290                                | 389                       |      |      |                   |                  |
| April                | 99              | 108                 | 321                                | 354                       |      |      |                   |                  |
| May                  | 108             | 116                 | 304                                | 400                       |      |      |                   |                  |
| June                 | 126             | 124                 | 254                                | 419                       |      |      |                   |                  |
| July                 | 117             | 102                 | 243                                | 334                       |      |      |                   |                  |
| August               | 108             | 118                 | 275                                | 397                       |      |      |                   |                  |
| September            |                 | 135                 | 247                                | 308                       |      |      |                   |                  |
| October              |                 | 146                 | 251                                | 342                       |      |      |                   |                  |
| November             |                 | 119                 | 184                                | 312                       |      |      |                   |                  |
| December             |                 | 100                 | 147                                | 241                       |      |      |                   |                  |
| January              | 81              | 126                 | 286                                | 374                       |      |      |                   |                  |
| February             | 87              | 112                 | 281                                | 349                       |      |      |                   |                  |
| AUDITS:              | With Violations | With Out Violations | Unlicensed Activity Investigations |                           |      |      |                   |                  |
| Trust Account Audits | 4               | 4                   | 4                                  |                           |      |      |                   |                  |
| COMPLAINTS:          | **Current       | YTD                 | Prior                              |                           |      |      |                   |                  |
| New Received         | 18              | 23                  | 39                                 | 34 open/active complaints |      |      |                   |                  |
| Closed/Reopened      | 1               | 1                   | 5                                  |                           |      |      |                   |                  |
| Closed for the Month | 14              | 18                  | 48                                 |                           |      |      |                   |                  |

34 open/active complaints



# AUGUST 2010 REVENUE BREAKDOWN



Rounded to  
nearest  
whole  
percentage



- RENEWED LICENSES
- FBB PERMITS
- MH INSPECTIONS
- FBB PLAN REVIEW
- MH PERMITS
- NEW LICENSES
- MH INSIGNIAS
- HUD PAYMENTS
- FBB INSIGNIAS
- MH PLAN REVIEW
- FBB INSPECTIONS

**FY11  
FEE  
SCHEDULE**

JANICE K. BREWER  
Governor



GENE PALMA  
Director

## DEPARTMENT OF FIRE, BUILDING AND LIFE SAFETY

1110 WEST WASHINGTON, SUITE 100  
PHOENIX, ARIZONA 85007  
(602) 364-1003  
(602) 364-1052 FAX

OFFICE OF ADMINISTRATION \* OFFICE OF MANUFACTURED HOUSING \* OFFICE OF STATE FIRE MARSHAL

### FEE SCHEDULE FOR 2010-2011 FISCAL YEAR

***FEES ARE EFFECTIVE BEGINNING JULY 1, 2010***

#### LICENSING FEES

|                                | Class | Class Description                               | New License | Renewal License |
|--------------------------------|-------|---|-------------|-----------------|
| MANUFACTURER                   | M-9A  | Factory-built-buildings (FBB) and subassemblies | \$ 882.00   | \$ 441.00       |
|                                | M-9C  | Manufactured (MFG) Homes                        | \$ 882.00   | \$ 441.00       |
|                                | M-9E  | Master, includes M-9A and M-9C                  | \$ 1,386.00 | \$ 693.00       |
| RETAILER/<br>DEALER/<br>BROKER | D-8   | Retailer Mobile/MFGHomes                        | \$ 567.00   | \$ 283.50       |
|                                | D-8B  | Broker Mobile/MFG Homes                         | \$ 441.00   | \$ 220.50       |
|                                | D-10  | Retailer FBB or FBB Subassemblies               | \$ 567.00   | \$ 283.50       |
|                                | D-12  | Master, includes D-8, D-8B, and D-10            | \$ 882.00   | \$ 441.00       |
| INSTALLERS                     | I-10C | General Installer                               | \$ 441.00   | \$ 220.50       |
|                                | I-10D | Installer of Attached Accessory Structures      | \$ 441.00   | \$ 220.50       |
|                                | I-10G | Master, includes I-10C and I-10D                | \$ 756.00   | \$ 378.00       |
| SALESPERSON                    | NA    | Employee of a licensed Retailer/Dealer/Broker   | \$ 210.00   | \$ 105.00       |

#### PLAN FEES

| Description           | FEE                            |
|-----------------------|--------------------------------|
| Application Submittal | \$31.50 each                   |
| Plan Review           | \$105.00 hour/one hour minimum |

#### INSIGNIA FEES

| Description     | FEE          |
|-----------------|--------------|
| MFG Home        | \$10.50 each |
| FBB             | \$52.50 each |
| FBB Subassembly | \$10.50 each |



## PERMIT FEES

| Description                  | FEE  | STATE ISSUED PERMIT FEE                         |
|------------------------------|--|---|
| Mobile/MFG Home              | Up to \$300.00 each                                  | \$ 126.00 each                                  |
| FBB - residential            | Up to \$600.00 per story<br><i>including systems</i> | \$ 420.00 per story<br><i>including systems</i> |
| FBB - commercial             | \$ 4.60/LF per story<br><i>including systems</i>     |   |
| Renewal permit (MFG and FBB) | \$ 84.00   |   |
| Special Use                  | \$ 68.25   |   |
| Rehabilitation – Mobile Home | \$ 50.00   |   |

## INSPECTION FEES

| Description   | FEE   |
|---|---|
| MFG facility  | \$ 52.50 per hour,<br>plus mileage @ 0.445/mile |
| Installation<br><i>(first 3 inspections included in the cost<br/>of the permit)</i> | \$ 84.00 per hour,<br>plus mileage @ 0.445/mile |
| Technical Service   | \$ 84.00 per hour                               |
| Rehabilitation – Mobile Home  | \$ 84.00 per hour                               |

## ADMINISTRATIVE FUNCTION FEES

| Description                          | FEE           |
|--------------------------------------|---------------|
| Change name of license               | \$ 10.50 each |
| Change license location              | \$ 10.50 each |
| Change license telephone number      | \$ 10.50 each |
| Add branch location                  | \$ 10.50 each |
| Delete branch location               | \$ 10.50 each |
| Reinstate bond                       | \$ 10.50 each |
| Process returned check               | \$ 10.50 each |
| Change status of license to inactive | \$ 10.50 each |
| Copies                               | \$ .50 each   |
| All refunds are subject to a fee of  | \$ 60.00 each |

*Fees charged by the Department are not included in Rule and are exempt from the State Rule procedures (Arizona Revised Statutes § 41-2144(C)).*

# RECOVERY FUND

### Current Status of Recovery Fund

|  |              |                                    |                         |                                       |                               |                                 |               |          |
|--|--------------|------------------------------------|-------------------------|---------------------------------------|-------------------------------|---------------------------------|---------------|----------|
| Balance as of 10/7/2010  | \$843.42     |                                    |                         |                                       |                               |                                 |               | \$843.42 |
| Recovery Fund Cases that have been to hearing and are awaiting payment | Claim Amount | Balance minus Claim Pending Amount | Average monthly deposit | # Months until deposits allow payment | Monthly deposit x # of months | Running Total + deposit amounts | Running Total |          |
| Claim pending #1 priority  | \$12,600.00  | (\$11,756.58)                      | \$10,393.00             | 2                                     | \$20,786.00                   | \$21,629.42                     | \$8,186.00    |          |
| Claim pending #2 priority  | \$2,900.00   | \$5,286.00                         | \$10,393.00             | 0                                     | \$0.00                        | \$8,186.00                      | \$5,286.00    |          |
| Claim pending #3 priority  | \$553.36     | \$4,732.64                         | \$10,393.00             | 0                                     | \$0.00                        | \$5,286.00                      | \$4,732.64    |          |
|  |              |                                    |                         |                                       |                               |                                 |               |          |
| Pending Recovery Fund Cases that have NOT been to hearing              | Claim Amount |                                    |                         |                                       |                               |                                 |               |          |
| Claim pending a Hearing  | \$21,309.00  |                                    |                         |                                       |                               |                                 |               |          |
| Claim pending a Hearing  | \$30,000.00  |                                    |                         |                                       |                               |                                 |               |          |
| Claim pending a Hearing  | \$600.00     |                                    |                         |                                       |                               |                                 |               |          |
|  |              |                                    |                         |                                       |                               |                                 |               |          |



# BONDING

## Debra Blake

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**From:** Debra Blake [debra.blake@dfbbs.az.gov]  
**Sent:** Wednesday, September 08, 2010 2:31 PM  
**To:** 'Baird, Sam'; 'Carlo.Leone@Peoriaaz.gov'; 'Catherine McGilvery'; 'Joe Stegmayer'; 'Neal Haney'; 'Paul DeSanctis'; 'Robert Gibb'; 'Roger Wendt'; 'Ross Wait'  
**Cc:** 'Gene Palma'; Scott Butler; 'Ken Anderson'; 'Georgina Marin'; 'Ayde Marquez'  
**Subject:** Update on Exemption to Moratorium on rule-making

Mr. Chairman and Board Members,

At the May 12, 2010, OMH Board Meeting, the Board approved the Resolution on Bonding submitted by Scot Butler and directed OMH Staff to file for an exemption to the Governor's moratorium on rule-making. OMH Staff did so and included an additional request to bring codes incorporated by reference in Rules current. OMH recently received a verbal response to our exemption request that identified our request as increasing a regulatory burden and; therefore, did not qualify for an exemption. This decision was based on specific language in the moratorium, as follows:

**"Notwithstanding any other law, an Agency shall not conduct any rule making that would impose increased monetary or regulatory costs on other State Agencies, political subdivision of this State, persons or individuals or would not reduce the regulatory burden on the persons or individuals so regulated."**

However, Scot, on behalf of the industry, and in light of the Board's approval of the Resolution, plans to introduce the Escrow Bill at the next legislative session which, if approved, would drive the statutory and the rule-making changes. The statutory change required is to remove the bonding exemption currently stated in statute for dealers and the rule change would change the bond amount for all dealer classes (including Brokers) to "up to \$100,000.00."

With regard to updating the codes by reference, there was some indication that OMH could revisit the issue at the Governor's direction later this year or early next year.

**NOTE: As a reminder, the next OMH Board Meeting is October 20<sup>th</sup> at 1 p.m.**

Thank you.

Debra

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## RESOLUTION

1. The Board of Manufactured Housing, taking into consideration that the Consumer Recovery Fund is essentially unable to cover any significant consumer claims and that no legislative enactments have occurred to provide another form of protection for purchasers of factory built homes, finds that the current bond requirement for licensed dealers and brokers is inadequate.

2. The Board therefore sets the bonding requirement for dealers and brokers at \$100,000, effective for renewals and new licenses occurring on or after July 1, 2011, subject to the following conditions. The Board directs the Office of Manufactured Housing to proceed promptly with all necessary rulemaking and other steps to implement this action, and authorizes the Office of Manufactured Housing to prepare, file and issue all notices and other documents on behalf of the Board.

**Comment [d1]:** Brokers are currently exempt by A.R.S. 41-2179 (A); this change will require statutory change through an upcoming Legislative Session

3. Licensed dealers and brokers who renew their license(s) on or after July 1, 2011, may do so with a bond of \$25,000 (the current requirement) if the licensee meets both of the following conditions:

a. The licensee is in good standing on the renewal date and has no outstanding Recovery Fund complaints.

b. The licensee submits, at its own expense and on or before the renewal date, an audited escrow account report showing that for all periods after January 1, 2011, it has utilized an independent third-party escrow account for all new home sales and for all existing home sales where the purchase price is \$50,000 or more.

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4. An applicant for a new dealer or broker license may provide a \$25,000 bond (the current requirement) if the applicant provides both of the following:

a. Documentation identifying one or more independent third-party escrow institutions or agents the applicant will use.

b. A sworn affidavit, in a form satisfactory to the Office of Manufactured Housing, that until its first renewal date it will utilize independent third-party escrow accounts for all new home sales and for all existing home sales where the purchase price is \$50,000 or more. The affidavit shall also acknowledge that if the Office of Manufactured Housing determines, by audit or otherwise, that the licensee has failed to perform as stated in the affidavit, the Office shall immediately and summarily suspend the license, unless and until the licensee posts

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the required \$100,000 bond or obtains a final determination following a hearing or judicial proceeding that the license should be reinstated.

5. An escrow is an independent third-party escrow if the financial institution or escrow agent which is handling the escrow account is not controlled by the licensee, a family member of the licensee or a business affiliated with the licensee, and the licensee, family member or business affiliate does not, either singly or jointly, have a majority interest in the financial institution or escrow agent.

**2011 BOARD  
MEETING  
SCHEDULE**



## **2011 OMH BOARD MEETING SCHEDULE**

*All meetings are held the 3<sup>rd</sup> Wednesday  
of each calendar quarter, beginning at 1 p.m.*

- **JANUARY 19, 2011**
- **APRIL 20, 2011**
- **JULY 20, 2011**
- **OCTOBER 19, 2011**